if they were issued against bills of exchange, which in due course would have to be paid off." Again, " it seems to me that notes should not be issued against Government securities which may or may not be paid off, but against bills of exchange which must be met at due date." This advantage about a bill of exchange is a very real one to the individual holder who can always put himself in funds by letting the contents of his portfolio " run off " ; but is there much in it as a safeguard against excessive issue of currency in times of exuberance ? In such times bills that fall due are pretty sure to be replaced by new ones drawn against fresh production —since over-production is a common symptom of commercial exuberance—or against a resale of the goods on which the original bills were based. As long as anyone who can show produce can be certain to get credit and currency, the notion that the maturing of bills of exchange can be relied to restrict currency expansion within safe limits is surely a dangerous assumption. The principle of a fixed limit, to be broken in case of real need, but only after some ceremony has been gone through giving notice of the fact that a crisis has been reached, seems rather to be required by the psychology of speculative mankind. But even if Sir Edward's preference for bills of exchange as backing for notes has all the merits that he claims that is no reason

for urging the repeal of the Bank Act to secure their use. Because the Bank Act does not forbid it: it merely says, " there shall be transferred, appropriated and set apart by the said governor and company to the